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Spy-case figure hopes CIA links will help him

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William Bell Hugle, the Silicon Valley entrepreneur named as a target of a federal grand jury espionage probe, has performed "several jobs" for the Central Intelligence Agency, he told the Mercury News on Wednesday.

In a wide-ranging interview by phone from his suite at a Paris hotel, Hugle denied any involvement in the espionage under investigation and said he hopes his past links with the CIA will help shield him from prosecution.

"I'd like to think," he said, "that if push comes to shove, that I'll have the support of the CIA. I've done several jobs for the CIA in several countries for them.

I have talked with them and cooperated with them in many cases."

Hugle would not elaborate on what those jobs entailed, but he said he was never paid for any of the work. A spokesman for the CIA in Washington, D.C., did not return a phone call on the subject.

Hugle has previously said that he aided the State Department during the Iran hostage crisis in 1979-1980. The State Department has verified that Hugle assisted in the negotiations with Iran, apparently as a liaison with his son-in-law, Ali Reza Nobari. Nobari at the time was governor of the Central Bank of Iran and was considered a top aide to then-President Abolhasan Bani-Sadr.

Hugle has been named as a central figure in the government's espionage case against Mountain View resident James D. Harper Jr.

Harper, a Silicon Valley engineer and promoter, was arrested Oct. 15 and later indicted by a grand jury on six counts of espionage and three counts of tax evasion. He allegedly stole Minuteman missile secrets and sold them to Polish agents. The secrets allegedly were later delivered to Russian agents.

An FBI affidavit composed in support of Harper's arrest contained an allegation that Harper had agreed to give Hugle one-third of the \$250,000 to \$1 million paid by the Soviet bloc for the military secrets.

The FBI document, which named Hugle 19 times, also said that Harper had known him as "the Big Man" who first introduced him to a Polish intelligence officer. Moreover, a federal prosecutor on Nov. 10 said in open court that Hugle was a "target" of the same grand jury in San Francisco that indicted Harper on Dec. 9.

But Hugle has not been indicted, and, with less than three weeks until Harper is to go on trial, prosecutors steadfastly have refused to discuss his status.

In the interview Wednesday, Hugle said he is confident he will not be indicted on any espionage charges because he has done nothing wrong.

'No evidence whatsoever'

While Hugle recalled first meeting Harper in 1972, he said he has not seen him for five years. He said he also knew Zdzislaw Przychodzien, who the FBI says is a Polish agent. But Hugle said he does not recall whether he introduced the two.

"There's no evidence whatsoever that I was involved in that case," he said. "I think the espionage thing has to be kind of a laugh, in a way. . . . I was there in California and they could have indicted me already. And I appeared (before the grand jury in San Francisco) all the times they asked me to appear."

Hugle said the FBI and the U.S. Attorney's Office assisted him early this year in obtaining a new 10-year passport when other agencies were insisting that he was eligible only for a five-year passport.

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Hugle, who has founded several Silicon Valley companies, said he has been in Paris since early February trying to raise \$250,000 from European investors to start a high-tech company there.

Hugle said that one of his attorneys, John Williams of San Jose, had been informing federal authorities of his whereabouts, but is no longer doing so.

Before Wednesday's interview, Hugle had declined to discuss the spy case with the Mercury News. He said he agreed to the hourlong interview in part on the advice of one of his attorneys.

Asked if he believes he has the backing of the CIA in his current predicament, the 57-year-old Hugle said:

"I think I have the support of part of it, anyway."

Have any CIA officials said they will speak on Hugle's behalf to the U.S. Attorney's Office or the Justice Department?

"There have certainly been people that have indicated they would help me if that was necessary," Hugle said, "but on the other hand, we have a different administration than we had before."

Assistant U.S. Attorney William B. Farmer, one of the prosecutors in the Harper case, would not comment on any of Hugle's remarks.

Doesn't fear Harper

Hugle said of Harper, whose attorney on Tuesday said his client might cooperate with the government's quest to indict other potential suspects:

"I have a lot of difficulty understanding what (Harper) could possibly say that would be truthful that would be harmful to me, quite frankly.

"I wouldn't be surprised if there were other unknown and unnamed people who have worked with him. But I don't know that that's true, or not true."

Asked further about the possibility that Harper will implicate others in exchange for a reduced sentence, Hugle said:

"It's my understanding that he's doing that in trade for speaking against other people. My personal opinion is that those other people do not include me. I think ... I was chosen initially but I have to suspect that he has many other people who work for him in collecting the information and he's tried to protect them up to now."

Asked specifically about the contention that Harper was to have shared one-third of the \$250,000 to \$1 million with him, Hugle said:

"That's absolutely, totally untrue. Absolutely no such representation was made to me. I never received a dime from him at all, or anyone else, the Polish government or anybody else."

Harper's former attorney, William Dougherty, said in October that his client had given FBI agents the names of five or six other people involved in the alleged spying activities.

Hugle said he believes that Dougherty, who formerly represented celebrated spy Christopher Boyce, is responsible for many of the allegations and insinuations in the indictment that he believes are false.

Asked what he based that conjecture on, Hugle said, "I guess it's only an impression of Harper. I think that he would ... not use the words that were used. This 'Big Man' concept — that's not a word used in our (microelectronics) industry, for example. That's a lawyer's word."

Trying for immunity

Hugle also asserted that Dougherty and Harper, who has remained in prison without bail, originally tried to set him up in an attempt to gain immunity from prosecution.

"Harper had been attempting to get immunized from any prosecution if he would testify against me," Hugle said. "Consequently he was trying to construct a case against me with the help of Dougherty that would get (himself) off the hook. And all of this information came from that sort of a decision on Harper's and Dougherty's part."

Dougherty could not be reached for comment late Wednesday.

Hugle said he was unable to say whether another allegation in the FBI affidavit is true: that during 1975 he introduced Harper to Zdzislaw Przychodzien, whom prosecutors believe subsequently purchased the military secrets for the Polish intelligence service. The secrets were in turn given to the Soviet Union, according to the FBI.

"To the best of my knowledge," Hugle said, "the only thing I've been accused of is providing an introduction, and I don't know whether I did or didn't."

Hugle said he had been acquainted with Przychodzien when he worked for five years legally in the United States as a representative of Poland's Ministry of Machine Industry.

"I don't know whether he did or didn't" work as a spy, Hugle said. "I can only be certain that the CIA and the FBI and the State Department did not know it at that time, either, in addition to me."

"Now they may have come across information later that indicated that, probably from Polish defectors (to the West). But they did not know it at that time, or they would not have permitted him to do what he did."

Hugle said that he now believes Przychodzien is working for the Poles in Japan.

Meeting in 1972

Hugle also said that he has neither talked nor met with Harper in at least five years. He recalled the first time he met Harper.

"(The) first time I can actually recall meeting him," Hugle said, "was when I ran for Congress (in 1972). I remember him offering to buy me a drink. And, I remember him putting \$20 on the bar."

"And, I remember me picking up the change, and he said, 'I don't mind buying you the drink, but, you know, I'd rather have the change myself.'"

Hugle said he recalls meeting again with Harper in the late 1970s, when the two discussed merging their two companies: Harper Time and Electronics and Hugle International. Harper at the time was trying to

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market a stopwatch he invented for track events.

Hugle said his last meeting with Harper was a social occasion in Switzerland with Harper and his then-wife, Colleen Harper.

Hugle also said he believes that others have tried to entrap him during the past four years. He said the set-up attempts came in the form of requests to assist in the shipment of high-technology equipment whose export was tightly regulated by U.S. law.

Hugle didn't specify who may have attempted to frame him or why.

"I am aware of many attempts to entrap me," he said. "There obviously were many attempts. . . . People . . . approached me from many places, like Los Angeles, that I'd never heard of . . . and I routinely told them, 'Come back to me, I'll help you . . . but first get the approval of the (U.S.) Commerce Department.'"

"There were many, many attempts and the only thing I can say is that there was no way I could be entrapped because there was nothing I could or would have done."

Fears tax evasion case

But Hugle did say he believes the government may yet try to prosecute him for alleged tax evasion.

"The government can always find some kind of

excuse for tax evasion, I think, against almost anybody," he said.

Hugle said he blames the FBI and the media for "ruining" his chance of attracting new investors in California.

"It's completely destroyed me," he said. "I would have to blame 10 percent on the FBI and 90 percent on the press."

Hugle said he thinks reporters should have independently verified the allegations in the FBI affidavit before printing the information. He said he has retained a law firm to explore the possibility of filing lawsuits.

And Hugle said he has had conversations with a New York City author that may lead to a book telling the tale of intrigue from his standpoint.

Moreover, Hugle confirmed that he also has retained, at least on a preliminary basis, noted New York City defense lawyer Leonard Boudin. Boudin, who represented the Iranian Central Bank during and after the release of the 52 American hostages from Tehran, met Hugle through his son-in-law — Nobari.

Hugle, who said he continues to own a plurality of stock in San Jose-based Insystems Inc., a company he founded, said he hopes to return eventually as a full-time resident of Silicon Valley.